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Nimmo, Joseph

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[Portland, Ore.]

[1900]

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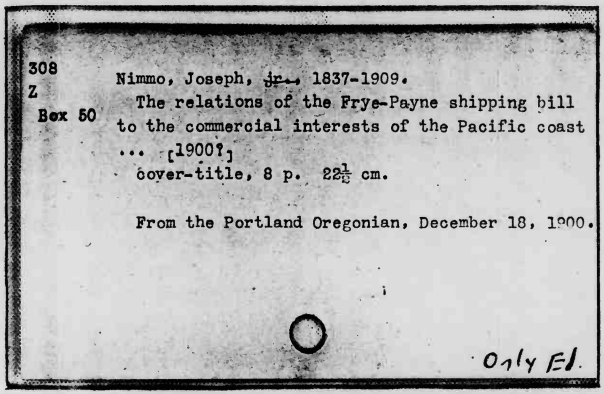
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# The Relations

OF THE

# Frye-Payne Shipping Bill

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TO THE

## Commercial Interests

OF THE

## PACIFIC COAST.

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JOSEPH NIMMO, JR.

FROM THE "OREGONIAN," OF PORTLAND, OREGON,
DECEMBER 18, 1900.

JOSEPH NIMMO, JR.,

STATISTICIAN AND ECONOMIST.

HUNTINGTON,
LONG ISLAND, N. Y.

1831 F STREET N. W.,
WASHINGTON, D. C.

SPECIAL ATTENTION GIVEN TO QUESTIONS IN REGARD TO COMMERCE, TRANSPORTATION, NAVIGATION AND INDUSTRY.

# THE RELATIONS

OF THE

# Frye-Payne Shipping Bill To the Commercial Interests Of the Pacific Coast.

BY JOSEPH NIMMO, JR.

The course of events in Asia, and particularly in China, seems to constitute the present an epochal period in the history of the commercial development of our Pacific Coast States. I refer particularly to the trade of the interior and western sections of this country which seems likely to be developed with Asia and Australasia as the result of events now in progress.

A few years ago I ascertained through careful investigation that the annual value of the commerce of the so-called Arid Region, embracing approximately the area between the 100th meridian at the east and the Sierra Nevada and Coast Ranges at the west, with the other States of the Union was about $440,000,000 as follows:

| | |
|---|---|
| Shipped out of the "Arid Region" | $240,000,000 |
| Shipped into the "Arid Region" | 200,000,000 |
| Total | $440,000,000 |

This enormous commercial development exceeded the total value of the commerce of the United States with Asia, South America, Central America, Mexico and the

INTENTIONAL SECOND EXPOSURE

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This enormous commercial development exceeded the total value of the commerce of the United States with Asia, South America, Central America, Mexico and the

West Indies combined. The construction of railroads across the continent and into various portions of the Arid Region was the most important condition leading to this development.

Then, east of the Arid Region there is the "Great West," the most productive agricultural area on the globe, the chief trade centers of which are Chicago, St. Louis, Minneapolis, St. Paul and Cincinnati. For commercial intercourse with these great productive areas and trade centers, the ports of our Pacific Coast States enjoy the unsurpassed advantages afforded by railroads, which, during the last thirty years, have been constantly increasing their facilities and general efficiency and reducing their rates for the transportation of freights.

Then, turning to the west—across the Pacific Ocean—there is China, the most populous and perhaps the most resourceful empire on the globe, apparently on the eve of being opened up to commercial enterprise. Our seaports on the Pacific Coast stand as entrepots and ports of shipment between these vast productive areas.

In the light of the enormous commercial possibilities thus presented to the view of the people of the Pacific Coast, I desire to invite attention to certain provisions of the Frye-Payne Shipping Bill (Senate Bill 727) now under consideration by Congress. This bill limits the total amount of subsidy to be paid to American vessels in any one fiscal year to nine million dollars. Beginning at line 22, on page 6, it reads as follows:

"and of which nine millions of dollars not more than seventy per centum shall be expended in any one fiscal year in respect of the vessels engaged in the Atlantic Ocean trade, except in case the Pacific Ocean trade shall not require, in respect of the vessels engaged in said last mentioned trade, the expenditure of the whole amount of thirty per centum of said nine millions of dollars in any such year."



As subsequently amended, the bill also provides that of the seventy per centum reserved to the Atlantic, any portion of which is not so used may go to the Pacific.

The question arises, About what proportion of the thirty per centum proposed to be allotted to the Pacific Coast trade would be available for that trade and what proportion would revert to the Atlantic Coast trade, or *vice versa?* We need not wait for results in order to determine that. For all practical purposes the experiences of the past and of the present afford adequate information upon this subject. Such experiences are recorded in our statistics of tonnage entered, tonnage owned and value of commerce.

The data upon these points is published by the Bureau of Statistics and is as follows:

1. Tonnage entered at seaports of the United States and at ports on the Pacific Coast during the year ended June 30, 1899:

| | Tons. |
|---|---|
| Total tonnage entered at seaports of the United States | 21,963,417 |
| Tonnage entered at Pacific Coast ports | 2,609,992 |
| Percentage entered at Pacific Coast ports | 12 per cent. |

2. Tonnage of vessels owned in the United States and on the Pacific Coast:

| | Tons. |
|---|---|
| Owned in the United States | 4,864,238 |
| Owned on the Pacific Coast | 539,937 |
| Per cent owned on the Pacific Coast | 11 per cent. |

3. Value of the foreign commerce of the United

States and of the Pacific Coast during the year ended June 30, 1899:

| | |
|---|---|
| Value of foreign commerce of the United States..... | $1,676,239,889 |
| Value of foreign commerce of the Pacific Coast ports..... | 105,080,422 |
| Per cent at Pacific Coast ports. | 6 per cent. |

Here we have three expressions indicative of the probable amount of compensation which would be awarded to the States of the Pacific Coast under the provisions of Senate Bill 727, viz:

| | |
|---|---|
| Tonnage entered..... | 12 per cent. |
| Tonnage owned..... | 11 per cent. |
| Value of foreign commerce..... | 6 per cent. |

In order to make clear the significance of these figures I would observe—

FIRST. From the above percentages the value of commerce and therefore of freight earnings of vessels employed in the Pacific Coast trade does not appear to be so large in proportion to tonnage entered as on the Atlantic and Gulf Coasts.

SECOND. In the absence of specific data I am inclined to believe that the requirements of the Bill in regard to the amount of cargo to be carried which shall entitle any vessel to compensation would, in the main, be more unfavorable to vessels employed in the Pacific Ocean trade than in the Atlantic Ocean trade. I refer especially to the following words in lines 9 and 10 of page 4 of the bill, which reads as follows: "Any shortage in the amount of cargo required and defined as aforesaid shall diminish the amount of the compensation in this paragraph, provided, etc."



In view of the foregoing statements it appears to be quite within bounds to say that under present conditions the Pacific Coast would not secure, at the start, or for several years to come, more than *ten per centum of the total sum* of nine million dollars instead of thirty per centum as generously proposed in the Frye-Payne Bill by the gentlemen who framed it. Referring to the provision on pages 6 and 7, providing that if the Pacific Coast trade shall not require the full amount of 30 per centum of the total amount of $9,000,000 the excess shall revert to vessels employed in the trade of the Atlantic and Gulf States, it does not seem probable that the framers of the bill would have anticipated that two-thirds of the allotted compensation to the Pacific Coast trade should thus revert to the eastern side of the continent. In order to prevent such reversion it would manifestly be necessary to increase the rate of compensation of vessels engaged in the Pacific Ocean trade, and for the reasons hereinbefore stated that appears to be both justifiable and advisable.

Besides there are other weighty reasons in favor of granting to that section of the country a higher rate of payment than is accorded to vessels engaged in the foreign commerce of the Atlantic and Gulf Coasts. The object to be secured on the Atlantic Coast is the improvement of a condition, while on the Pacific Coast it is that of directing the course of an evolution. This may be illustrated by considering the enormous possibilities which await commerce with Asia and particularly with China and Japan. The possible magnitude of our commerce in the future with China is indicated in a general sort of way by the following statement showing the population of the United Kingdom (Great Britain and Ireland) and of China, in connection with the value of

the commerce of the United States with those countries for the year ended June 30, 1900:

| Countries. | Population. | Value of Commerce with the United States. |
|---|---|---|
| Great Britain and Ireland.. | 40,559,954 | $693,412,434 |
| Chinese Empire, including Hong Kong..... | 402,680,000 | 51.897,106 |

From this statement it appears that our commerce with Great Britain which has a population of only 40,559,954, is more than thirteen times as large as our commerce with China which has a population of over 400,000,000, or nearly ten times that of the United Kingdom. This seems to point to the possibility of an enormous commercial development.

That this grand possibility is "in sight" seems to be indicated by the history of the increase of our trade with Japan. This is shown as follows:

*Total Commerce of the United States with Japan.*

| Year Ended June 30. | Value of Exports. | Value of Imports. | Total Commerce. |
|---|---|---|---|
| 1860..... | $40,553 | $102,566 | $143,119 |
| 1870..... | 1,529,714 | 4,183 365 | 5,713,079 |
| 1880..... ..... | 2.552,888 | 14,510,834 | 17.063,722 |
| 1890..... | 5,232,643 | 21,103,324 | 26 335,967 |
| 1900..... | 29,087,642 | 32,724,418 | 61,812,060 |

Thus it appears that our commerce with Japan has grown by leaps and bounds. The history of its development clearly indicates that it has been the result of the adoption of the methods of modern civilization. With a population of only 43,760,754 Japan has a commerce with the United States considerably larger than that of China with the United States, although the population of China is 402,680,000, or nearly nine times that of Japan.



What may we not expect therefore if the outcome of the struggles now going on in China shall be to let the light of civilization into that benighted region?

In view of the foregoing, the question arises, What expedient or policy shall we adopt in order that the Pacific Coast of the United States may secure somewhere near its proper share of the proposed total subvention stated in Senate Bill 727, at 30 per centum? Evidently the question is one as to *the rate of payment* and not as to *the share of the total subsidy*. Some sort of a differential rate of compensation which would accomplish this object should therefore be adopted. According to data kindly furnished to me by the Chief of the Bureau of Statistics, the percentage of the total tonnage entered at seaports of the United States from China, Japan and Australasia which entered at Pacific Coast ports is indicated as follows for the year ended June 30, 1899:

Total tonnage entered at seaports of the United States from China, Japan and Australasia .... ..... 474,173 tons.

Tonnage entered at Pacific Coast ports from China, Japan and Australasia ..... 386,652 tons.

Percentage of total tonnage entered at Pacific Coast ports of the United States from China, Japan and Australasia ..... 81 per cent.

Thus it appears that under the bill about 81 per cent of the total payments to American vessels engaged in trade with China, Japan and Australasia would accrue to our Pacific Coast. But it is highly probable that with the development of steam navigation across the Pacific a much larger percentage of the subsidy would,

in the future, be paid to vessels trading between our Pacific Coast ports and those countries.

In view of the foregoing data I am led to suggest the following amendment to the bill:

"Provided that the rate of compensation to be awarded to vessels engaged in commerce between ports of the United States and all ports and places situated between the one hundred and fortieth meridian (140°) of west longitude and the seventieth meridian(70°)of east longitude shall receive rates of compensation—per cent in excess of the rates elsewhere provided in this bill."

I refrain from making any positive recommendation as to the preferential rate to vessels employed in trans-Pacific Ocean trade, but would suggest 50 per centum.

There are, also, evident military considerations which justify the proposed differential rate in favor of vessels engaged in the trans-Pacific trade.

From the political point of view the considerations to which I have thus invited public attention may possibly be regarded as subject to the imputation of commercialism, but human life on this planet has its inevitable commercial side. Our civilization is a failure if it is not aggressive. Years ago it seemed as though the progress of settlement in this country might be retarded by a false sentimentality toward the Indians, but the men who subdued the vast interior and builded prosperous States on the Pacific Coast proclaimed to the world that civilization has the right of way to the future on this continent, and now the course of events and the concurrent action of the most enlightened nations seems hopefully to proclaim that civilization has the right of way to the future throughout the world. The task of shaping our commercial legislation to this end appears to be the exigent duty of the hour.

JOSEPH NIMMO, JR.

December 11, 1900.

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